Published:	**Sunday, February 15, 2004**	Edition:	**STATEWIDE**
Page:	**D1**	Type:	**COLUMN**
Section:	**BUSINESS**	Source:	**Dan *Haar***
Column:		Series:	

COMCAST'S DISNEY FORAY A BAD IDEA

Imagine if most of the nation's hospitals and other large health care providers were bunched into five companies. That's a nightmare, but wait. Now imagine that a firm controlling one-quarter of the health insurance market -- a family-run business with little experience in medical services -- tried to buy one of those health care giants.

We'd be outraged. Even the compliant Bush administration might try to stop it.

It wouldn't fly in the health care industry, and it shouldn't fly in the media industry. But that's essentially what we have as Comcast Corp. tries to buy The Walt Disney Co. The nation's largest TV pipeline company would own a huge chunk of the material it sends through the pipes.

It's probably legal under antitrust and Federal Communications Commission rules because Comcast creates little news and entertainment, and Disney isn't big in cable TV systems. But this is a $66 billion horrible idea. It could make AOL-Time Warner and Travelers-Citicorp -- two previous ``matches made in heaven" that bombed -- seem as sweet and natural as peanut butter and jelly.

Here is an outfit, Comcast, that grew up in a medium that has never known real competition. Its stock in trade is dealmaking, fighting off federal regulation and packaging TV networks. Its response to most everything is to raise prices, as Comcast has done with aplomb in Connecticut, with little if any improvement in service.

Its quantum leap in size was the purchase, with stock, of AT&T Broadband, which amounted to a distress sale. Synergy and efficiency? Between them, AT&T and Comcast couldn't even figure out -- still haven't figured out -- how to combine phone and cable service into one bill.

Comcast swaggers around the media landscape with a fat market value -- 3.6 times its annual sales -- because no one can rein in the cable monopolies. CEO Brian Roberts and cable president Steve Burke think the management of a cable culture can run a company that includes movie studios, the world's

most famous theme parks, a broadcast network, the pre-eminent sports cable network, assorted retail and publishing outlets and a mouse who represents the most enduring children's entertainment franchise in the world.

Not that Disney is a Camelot of creative management. Under CEO Michael Eisner, Walt's Magic Kingdom is known more for infighting and lording over a lagging ABC than it is for adding to Mickey's legacy. Eisner's imperious, expansionist ways have doused the spark, say two former board members, including Roy Disney, the founder's nephew.

But imposing a new level of ambitious suits with plans to save $400 million a year in costs -- sure, that's a way to revive the spark. Right.

It warms my heart to see Burke, a former Disney executive who jumped to Comcast, talk about offering choice to Comcast viewers. His plan to pioneer an interactive, TV-on-demand smorgasbord sounds great. Great, like a tobacco ad aimed at kids.

``It's going to be like Henry Ford said about the Model T -- you can have any color you want as long as it's black," said Jonathan Rintels, a screenwriter who is executive director of the Center for Creative Voices in Media. ``You can choose any content you want as long as it's Disney. What makes this to them so attractive and beautiful and synergistic is exactly what makes it so terrible from the point of view of the public interest."

Does that seem cynical? Consider all the choice Comcast offers today. The company could give viewers a menu of cable options. I'd pay $20 a month for the broadcast channels plus ESPN, YES, CNN, CNBC and, of course, CT-N for the Rowland hearings. Instead, here's our choice: Pay $9.95 for just the broadcast outlets and a couple of throw-ins, or $46 a month for 70-some channels.

This notion that a company has to own and control programming in order to offer it to customers is purely financial, not creative. Anyone can, and all cable companies do, buy and resell material. There's no rationale for major cost-savings when distribution companies merge with the firms that create what's being distributed. So, if Comcast says it needs to own the programming to make the model work, that can mean only two things. Either it plans to squeeze costs on the front end and keep prices high, or lock out competitors on the back end.

And raise prices. Since 1996, when Congress partly deregulated cable, prices have risen by more than 50 percent on average, well ahead of inflation. That partly reflects program costs, of course, but what incentive would a Comcast-Disney have to control prices?

The goal of the companies in these media mergers -- including the merger that bulked up Tribune Co., parent of The Courant -- is to acquire, cut costs, control turf, raise stock prices and then either acquire more or return more cash to the shareholders. Achieving true creative greatness, the life's work of thousands of employees, may help the companies gain turf. But it's not integral to the business model.

So what is to be done? Media mergers aren't all bad or all good, and the trend won't stop. One idea is for the ratepayers to push for policies that would lead to true cable competition. Another is for regulators to insist on the right to control prices in exchange for handing public-trust broadcast franchises over to monopoly pipeline owners.

But ultimately, it's up to the public to choose information and entertainment carefully, to seek fresh, strong voices wherever they come from, and to reject those that are manufactured to appeal to a mindless mass.

Dan ***Haar*** can be reached at dhaar@courant.com.